

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana State University
Health Sciences Center -
New Orleans
Louisiana State University System
State of Louisiana
New Orleans, Louisiana

December 31, 2002



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

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**LOUISIANA STATE UNIVERSITY
HEALTH SCIENCES CENTER -
NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana**

Management Letter
Dated December 18, 2002

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

December 31, 2002



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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December 18, 2002

**LOUISIANA STATE UNIVERSITY
HEALTH SCIENCES CENTER -
NEW ORLEANS
LOUISIANA STATE UNIVERSITY SYSTEM
STATE OF LOUISIANA
New Orleans, Louisiana**

As part of our audit of the Louisiana State University System's financial statements for the year ended June 30, 2002, we considered the Louisiana State University Health Sciences Center - New Orleans' internal control over financial reporting; we examined evidence supporting certain accounts and balances material to the System's financial statements; and we tested the center's compliance with laws and regulations that could have a direct and material effect on the System's financial statements as required by *Government Auditing Standards*. In addition, we considered the Louisiana State University Health Sciences Center - New Orleans' internal control over compliance with requirements that could have a direct and material effect on a major federal program, as defined in the Single Audit of the State of Louisiana, and we tested the center's compliance with laws and regulations that could have a direct and material effect on the major federal programs as required by U.S. Office of Management and Budget Circular A-133.

The financial information provided to the Louisiana State University System by the Louisiana State University Health Sciences Center - New Orleans is not audited or reviewed by us, and, accordingly, we do not express an opinion on that financial information. The center's accounts are an integral part of the Louisiana State University System's financial statements, upon which the Louisiana Legislative Auditor expresses an opinion.

Based on the application of the procedures referred to previously, all significant findings are included in this letter for management's consideration. All findings included in this management letter that are required to be reported by *Government Auditing Standards* will also be included in the State of Louisiana's Single Audit Report for the year ended June 30, 2002.

Bank Reconciliations Not Performed

Louisiana State University Health Sciences Center - New Orleans did not reconcile its 15 bank accounts on a monthly basis for the fiscal year ended June 30, 2002. Good internal control requires reconciliation of the bank account balances to the accounting records on a monthly basis. Bank reconciliations provide management with a basis to ensure that all transactions that affect both the bank accounts and the accounting records are in agreement and that no errors or fraud have occurred.

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER - NEW ORLEANS STATE OF LOUISIANA

Management Letter, Dated December 18, 2002

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As of September 30, 2002, the bank reconciliations for these accounts had not been completed for July 2001 through June 2002. Although the center used daily reports provided by its banks to review cleared and unusual items, the center did not reconcile the bank account balances to the accounting records on a monthly basis. This condition occurred because management did not enforce existing policies and procedures that require bank reconciliations to be performed monthly. With deposits and withdrawals averaging \$31,492,000 and \$29,989,000 monthly, respectively, failure to perform bank reconciliations could result in errors or misstatements not being detected timely and an increased risk of misappropriation of funds.

Management should follow established policies and procedures and ensure that bank accounts are reconciled monthly. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 1-3).

Untimely Deposit of Cash Receipts

Louisiana State University Health Sciences Center - New Orleans has not timely deposited all funds received in its Sponsored Projects Section and Accounting Section. Good internal controls require that the university timely deposit its cash receipts to safeguard its assets, and university policies require that all money received by the university be deposited daily.

In a test of 40 receipts requiring deposit, 20 (50%) were not deposited timely. These receipts, which were included in deposits totaling \$18,730,073, were deposited two to 65 days late. Deposits were not made timely because in some instances, receipts (checks) were being held in the Sponsored Projects Section for extended periods of time. In other instances, the Accounting Section held checks for several days before depositing them.

Failure to deposit funds daily increases the risk that errors and/or fraud could occur and not be detected timely, and interest income could be lost. Management should establish and maintain procedures to ensure that cash receipts are timely deposited. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 4-5).

Lack of Internal Controls Over Certain Payroll Functions

Louisiana State University Health Sciences Center (LSUHSC) did not establish adequate internal controls to monitor changes made to payroll data in the PeopleSoft Human Resource (HR) software application using the payline function, which allows the user to change gross pay, make one-time adjustments and change other payroll

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER - NEW ORLEANS STATE OF LOUISIANA

Management Letter, Dated December 18, 2002

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information for any employee at any LSUHSC campus during payroll processing. Effective internal controls include approval for changes made to payroll records, monitoring changes, and sufficient documentation of changes to provide an adequate audit trail. We identified 137 employees with access to the payline function, enabling them to make these changes to any LSUHSC employee's salary.

LSUHSC did not use an audit table to monitor the use of the payline function, and records of changes made using the payline function were not produced. Management stated that the audit table was not used because it slows the system processing considerably. Failure to establish effective internal controls over the payline function could result in unauthorized changes to employee pay data being made and remaining undetected.

The center should ensure that approval is granted for all payroll changes made using the payline function, that changes are reviewed by management, and that adequate documentation of changes is produced. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 6-7).

Federal Financial Reports Not Submitted Timely

Louisiana State University Health Sciences Center - New Orleans did not submit two required financial status reports (FSRs) by the due dates specified in the grant agreements. In testing the Research and Development Cluster, we determined that two FSRs were not submitted by their required due dates. The FSR for the Model State - Supported Area Health Education Centers program (CFDA 93.107) was due on December 31, 2001, but was not submitted until May 2, 2002, or 122 days late. The FSR for the Heart and Vascular Diseases Research program (CFDA 93.837) was due on November 30, 2001, but was not submitted until April 24, 2002, or 145 days late.

The center's Sponsored Projects Section did not ensure that the principal investigators and/or business managers responsible for preparing the reports submitted them in accordance with the grant agreements. Failure to submit reports timely results in noncompliance with grant agreements, which could impact future federal funding.

Management should ensure that principal investigators and/or business managers submit required reports to their respective grantors in accordance with the requirements of the grant agreements. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 8-9).

LEGISLATIVE AUDITOR

**LOUISIANA STATE UNIVERSITY
HEALTH SCIENCES CENTER -
NEW ORLEANS
STATE OF LOUISIANA**

Management Letter, Dated December 18, 2002

Page 4

Untimely Student Loan Refunds

Louisiana State University Health Sciences Center - New Orleans did not refund student loan proceeds to lenders within 30 days for students who received Federal Family Education Loan Program (CFDA 84.032, FFEL) loans and who withdrew from the university. The Code of Federal Regulations, 34 CFR 668.607, requires that institutions return FFEL proceeds in accordance with 34 CFR 668.22(j), which states that an institution must return the amount of Title IV funds no later than 30 days after the student withdraws or notifies the institution of his or her withdrawal. The center also did not maintain documentation in student files to determine if refunds were issued timely.

We examined records for 23 students who received FFEL loans and withdrew from the university during the 2002 academic year and for whom refunds were due to lenders. Checks for four students were issued from 39 to 108 days after the withdrawal date, and files for three students did not include documentation to determine when refund checks were issued. The center did not place sufficient emphasis on procedures to ensure that refunds were issued within 30 days.

Failure to refund student loan proceeds within 30 days results in noncompliance with federal regulations and may impact the institution's continued ability to participate in Student Financial Aid programs. Management of the center should review its policies and procedures for submitting refunds to lenders to ensure they are remitted within the time period specified in the CFR. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 10-12).

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of the center. The varying nature of the recommendations, their implementation costs, and their potential impact on the operations of the center should be considered in reaching decisions on courses of action. Findings relating to the center's compliance with applicable laws and regulations should be addressed immediately by management.

LEGISLATIVE AUDITOR

LOUISIANA STATE UNIVERSITY
HEALTH SCIENCES CENTER -
NEW ORLEANS
STATE OF LOUISIANA

Management Letter, Dated December 18, 2002

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This letter is intended for the information and use of the center and its management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with a large initial "D" and a stylized "K".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

CGEW:ES:RCL:dl

[LSUHSCN002]

Appendix A

Management's Corrective Action Plans and Responses to the Findings and Recommendations



Health Sciences Center

NEW ORLEANS

Administration and Finance
Office of the Vice Chancellor

School of Medicine
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies

December 16, 2002

Re: Response to Audit Finding: Bank Reconciliations Not Performed

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge LA 70804-9397

Dear Dr. Kyle,

I concur with the finding and recommendation as presented.

Situation:

The 15 bank accounts discussed in the finding are identified as follows:

Seven bank accounts were reconciled on a monthly basis during fiscal year 2001-2002:

- School of Dentistry Petty Cash account
- School of Medicine Petty Cash account
- ICMRT Petty Cash Account
- ICMRT Petty Cash Account
- ICMRT Petty Cash Account
- Dental Student Clinic Credit Card account
- Dental Faculty Clinic Credit Card account

Three bank accounts are patient clinic or student loan depository accounts in which balances are swept or transferred into the general fund account on a regular basis creating a zero balance account:

- Depository account -Patient Clinic
- Depository account -Student Loan Award Wires
- Depository account -Student Loan Collections

● Page 2, Response to Audit Finding: Bank Reconciliations Not Performed

Five bank accounts were not reconciled on a current basis during Fiscal year 2001-2002:

- General Fund account
- Payroll Account
- Bookstore Credit Card account
- Bookstore Credit Card account
- Bookstore Credit Card account

Reconciliation status:

The 7 bank accounts that were reconciled monthly during fiscal year 2001-2002, are all currently reconciled through the latest bank statement period ending 10/31/02. We inadvertently failed to provide the reconciliations for fiscal year 2001-2002 to the Legislative Auditors when requested during the audit.

For the 3 accounts which are patient clinic or student loan depository accounts and which the balances are swept or transferred into the general fund account on a regular basis creating zero balance accounts, we will immediately commence reconciling these accounts monthly to assure that no improper activity occurred in the accounts. We will not retroactively reconcile the accounts for fiscal year 2001-2002 since the accounts had zero balances on June 30, 2002, and all transactions from the accounts were verified as proper for the fiscal year.

For the 5 bank accounts in which current reconciliation was not performed during fiscal year 2001-2002, the following actions have been taken:

- The 3 Bookstore Credit Card accounts have been reconciled as of June 30, 2002 and also are currently reconciled through the latest bank statement period ending 10/31/02.
- The General Fund account has been reconciled through June 30, 2002. Monthly reconciliation activities are now ongoing for the current fiscal year.
- The Payroll account has been reconciled through of June 30, 2002. Monthly reconciliation activities are now ongoing for the current fiscal year.

Corrective action plan:

1) LSUHSC Accounting Services Department hired an Accounting Manager at the end of fiscal year 2002 who will be responsible for overseeing the monthly bank reconciliation process. As a training aid, this person has been actively involved in the catch-up reconciliation process.

2) A vacant staff accountant position will be filled. This position will have the Payroll and General Fund bank account reconciliations as its primary responsibility.

3) An existing staff accountant position will be responsible for reconciling the Bookstore credit card accounts.

4) Procedures will be put into place to insure timely production of the outstanding check listings for both the Payroll and General fund bank accounts. Due to start up issues associated with the PeopleSoft implementation, the first outstanding check listings were not produced until March 2002.

Anticipated Completion Date:

As mentioned above, all bank accounts are currently reconciled through June 30, 2002. All accounts except the Payroll and General fund bank accounts and the 3 patient clinic or student loan depository accounts are

current through October 31, 2002. We anticipate the reconciliation of the Payroll and General Fund bank accounts and the 3 patient clinic or student loan depository accounts will be current by the end of January 2003. At that time, the staff assignments discussed above will be in place to assure that all accounts will continue to be reconciled monthly on a current basis.

Person responsible for corrective action:

Nicole Blanchard, Assistant Comptroller
Phone: 504-568-4812
Email: acctnpb@lsuhsc.edu

Respectfully,

A handwritten signature in black ink, appearing to read "Ronnie Smith", written over the word "Respectfully,".

Ronnie Smith
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD
Robert Bourgeois
Nicole Blanchard
David Dotter



Health Sciences Center

NEW ORLEANS

Administration and Finance
Office of the Vice Chancellor

School of Medicine
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies

December 16, 2002

Re: Response to Audit Finding: Untimely Deposit of Cash Receipts

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge LA 70804-9397

Dear Dr. Kyle,

I concur with the finding and recommendation as presented.

Situation:

All checks received on the downtown campus of LSUHSC are deposited through the Accounting Services Cashier's Office located on the 1st floor of the Resource Center building. The LSUHSC armored service vendor picks up deposits from the Cashier's office at 8:00 AM each morning for the previous day's business.

Checks received as payment on grants and contracts are processed through the Sponsored Projects department for identification. After identification, a deposit transmittal is prepared by Sponsored Projects and delivered to Accounting Services. The deposit is prepared in Accounting Services that includes copying checks and balancing checks to journal lines and preparing the deposit slip. The completed deposit is delivered to the Cashier's Office for pickup by the armored service vendor.

Checks are delivered to Accounting Services by Sponsored Projects throughout the business day. A deposit is normally prepared once a day by Accounting Services. If checks are received at the end of a business day, the deposit would be prepared the following day and delivered to the Cashier's Office for the next morning pickup. Reviewing date stamped information would represent that these deposits have taken three days, when they have actually been processed in the minimum possible time. In addition, the Accounting Services office attempts to identify large checks (\$500,000+) received from Sponsored Projects to prepare a separate deposit.

Many of the dates in question are clustered around heavy workload periods, which could have resulted in sporadic breakdowns in normal procedures. In September and October of 2001 Accounting Office personnel were still heavily involved in FY2001 closeout, FY2001 reporting and implementing PeopleSoft Financials for FY2002. Two deposits in December were in the final week before the extended Christmas leave period, when many monthly processes are condensed into a shorter timeframe. In the Spring month of March, Accounting staff were involved in additional Financials GL/Payable/Purchasing implementation issues.

Positive Actions Taken During the Year:

During the year, Nicole Blanchard discovered that the Armored Service vendor was not consistently bringing the morning pickup to the LSUHSC depository bank, but was waiting to deliver the following day due to scheduling conflicts. She contacted the vendor to take corrective action. Since that time, service has improved.

Corrective action plan:

- 1) LSUHSC Accounting Services and Sponsored Projects will establish a procedure to provide specific notice of all checks ready for deposit in excess of \$500,000. This will allow expedited deposit preparation for large dollar checks.
- 2) Sponsored Projects will reinforce the need to deposit unidentified checks to the Temporary Deposit account to avoid potentially long delays in depositing checks.
- 3) Accounting Services will begin date stamping checks received to provide improved monitoring of deposit activity.

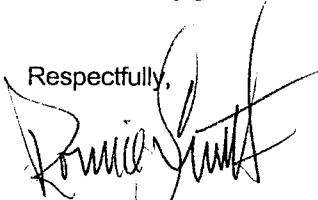
Anticipated Completion Date:

Immediately.

Person responsible for corrective action:

Bob Bourgeois, Comptroller
Phone: 504-568-4812
Email: bbourg@lsuhsc.edu

Respectfully,



Ronnie Smith
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD
Robert Bourgeois
David Dotter



Health Sciences Center

NEW ORLEANS

Administration and Finance
Office of the Vice Chancellor

School of Medicine
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies

December 12, 2002

Re: Response to Audit Finding: Lack of Internal Controls Over Certain Payroll Functions

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge LA 70804-9397

Dear Dr. Kyle,

I concur with the finding and recommendations as presented.

Corrective action plan:

- 1) 137 employees have had access to the payroll function.
 - The security class originally established which included payroll functions also included activities essential to HR staff. This inflated the number of employees given this particular security class. A separate security class specific to payroll functions will be established; allowing an estimated reduction in the number of employees who will have access to approximately 100.
- 2) When implemented, LSUHSC did not enable the security feature which restricts access to employees of their respective campus/business unit.
 - The PeopleSoft-delivered security for this functionality did not support security at the business unit (individual hospital and campus) or company (New Orleans, Shreveport and HCSD) level. The delivered view had to be modified to provide this additional level of security and was implemented on April 10, 2002.
- 3) When implemented, LSUHSC did not enable the audit feature to provide an audit trail of all changes made using the payroll function.
 - The implementation partner (KPMG Consulting) warned LSUHSC that significant use of the field level audit feature was known to risk serious degradation of system response time. LSUHSC carefully assessed the specific fields needing field level audit and performed extensive testing to

minimize the threat to system performance before implementing this feature. With very tight timeframes for current payroll processing, any significant degradation of the overall system performance could have threatened the timely completion of payrolls. The field level audit feature on payline functions was implemented on April 10, 2002.

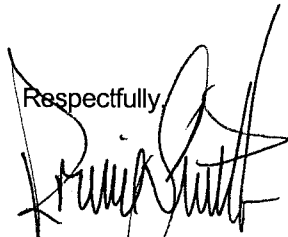
Anticipated Completion Date:

Revisions to Security Class: Define and test new class and migrate employees to new classes. Complete by 1/17/2003.

Person responsible for corrective action:

Matthew Gedge
Phone: 504-568-4689
Email: mgedge@lsuhsc.edu

Respectfully,

A handwritten signature in black ink, appearing to read "Ronnie Smith", written over the word "Respectfully,".

Ronnie Smith
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD
Matthew Gedge
David Dotter



Health Sciences Center

NEW ORLEANS

Administration and Finance
Office of the Vice Chancellor

School of Medicine
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies

December 16, 2002

Re. Response to Audit Finding. Federal Financial Reports Not Submitted Timely

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge LA 70804-9397

Dear Dr. Kyle,

I concur with the finding and recommendation as presented.

Situation:

The untimely submission of the two Financial Status Reports (FSRs) cited in the audit finding resulted from unusual events related to staffing within the Sponsored Projects Administration Department coupled with the challenges of implementing PeopleSoft during the period.

- Emergency surgery caused the director to miss almost five months during the fiscal year and to only be available part time an additional three months. The department also experienced staff turnover in four positions during this period. The director's absence and the vacancies represented a 50 percent reduction in the department's staffing for the period.
- Final project charges could not be completed until late in March 2002 when the modification to the new PeopleSoft HR/Payroll application to support the retroactive adjustment of salary and wage expenses was completed.

These events unfortunately allowed the two projects to fall through the cracks resulting in the Sponsored Projects Administration Department failing to follow-up with the departmental business managers responsible for the projects until the FSRs were overdue.

Corrective action plan:

We have written PeopleSoft queries to determine when the FSRs are due within a particular time period and to determine which FSRs have been submitted and the date of submission. These queries along with a full staff in the Sponsored Projects Administration Department will prevent this situation from occurring again.

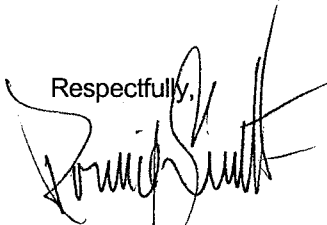
Anticipated Completion Date:

Implemented.

Person responsible for corrective action:

Peter Tiskus
Phone: 504-568-3674
Email: ptisku@lsuhsc.edu

Respectfully,

A handwritten signature in black ink, appearing to read "Ronnie Smith", written over the word "Respectfully,".

Ronnie Smith
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD
Peter Tiskus
David Dotter



Health Sciences Center

NEW ORLEANS

Administration and Finance
Office of the Vice Chancellor

School of Medicine
School of Dentistry
School of Nursing
School of Allied Health Professions
School of Graduate Studies

December 16, 2002

Re: Response to Audit Finding: Untimely Student Loan Refunds

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge LA 70804-9397

Dear Dr. Kyle,

We concur with the finding and recommendation as presented.

Situation:

Under our current policies and procedures, students initiate the formal withdrawal process by notifying the Student Affairs Offices of their respective schools (academic programs) of their intent to withdraw, and completing a Withdrawal/Administrative Clearance form. The form is then routed through and initialed by several student services departments and offices.

When the form reaches the Student Financial Aid Office, a financial aid counselor initiates the exit counseling process for federal loan recipients and notifies the lender of the change of status. The Financial Aid Director or Associate Director calculates a Return of Title IV Funds/Refund percentage using computer software provided by the U.S. Department of Education. The return/refund percentage is noted on the form, along with specific instructions for the return of funds.

The form is then routed through the Registrar's Office to the Cashier's Office. The supervisor in the Cashier's Office reviews the student account to determine the amount of refundable fees and requests funding (check or wire transfer) of the return/refund through the Accounting Department.

The Accounting Department delivers the check to the Financial Aid Office for mailing to the lender, or beginning with the 2002-2003 academic year, initiates a wire transfer of the funds through the disbursing agent for the lender.

In our review of the current policies and procedures, we determined that they are delay prone with several administrative bottlenecks, and that they lack sufficient accountability and administrative coordination. The Student Affairs Offices do not always immediately initiate the withdrawal forms, the forms are sometimes delayed in other student services departments before reaching the Financial Aid Office, and the Financial Aid Director does not always provide an immediate calculation of the refund percentage. Processing of return of funds within the Accounting Department is not assigned sufficient high priority to ensure timely delivery, and sending paper checks to the Financial Aid Office for mailing can result in further delays. Finally, no single person or office bears explicit responsibility for coordinating the return of Title IV funds.

Corrective Action Plan:

We will decouple the Withdrawal Notification/Return of Title IV Funds process from the administrative clearance form. The Student Affairs Offices will send withdrawal information immediately (same day or, at latest, the next business day) and simultaneously to the Student Financial Aid Office, Cashier's Office, and Accounting Department via fax and/or e-mail.

Refund calculations are now performed by the Cashier's Office using our new administrative software system which we are implementing in the 2002-2003 academic year. This should improve efficiency of refund/return calculations. However, the Financial Aid Director or Associate Director will continue to calculate the percentage using the Department of Education software as a quality control measure for the calculation.

We have also implemented Electronic Funds Transfer (EFT) in the management of Federal Stafford loan funds. In most cases funds will be returned via wire transfer, eliminating the time consuming process of paper check generation. The Accounting Department will notify the Financial Aid Office when funds are returned.

Our new administrative software system will help us to attain greater speed and efficiency in the Return of Title IV Funds. However, due to our learning curve and the challenges of implementing a new system, we do not expect to reap these benefits until the Spring '03 semester.

Although the new procedures will reduce the specific tasks assigned to the Financial Aid Office, the Office will assume responsibility for coordination and monitoring of the process. Each department involved in the process will have specific time-frame requirements, which when followed, will ensure return of Title IV loan funds within 21 days of the withdrawal determination date (allowing a cushion for unexpected delays). A financial aid counselor will check progress periodically, and report non-compliance to the Financial Aid Director for follow-up.

Our new policies, procedures, and administrative software should ensure compliance with Return of Title IV Funds requirements beginning with the Spring 2003 semester.

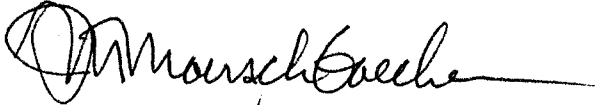
Anticipated Completion Date:

January 6, 2003.

Person responsible for corrective action:

Patrick Gorman
Phone: 504-568-4820
Email: pgorma@lsuhsc.edu

Respectfully,

A handwritten signature in black ink, appearing to read "Moerschbaeche", with a long horizontal flourish extending to the right.

Joseph Moerschbaeche
Vice Chancellor for Academic Affairs

A handwritten signature in black ink, appearing to read "Ronnie Smith", with a large, stylized initial "R" and "S".

Ronnie Smith
Vice Chancellor for Administration and Finance

cc: John A. Rock, MD
Peter Tiskus
David Dotter